ILLINOIS COMMERCE COMMISSION

DOCKET NO. 01-

EXHIBITS SPONSORED BY DANIEL L. MORTLAND
JUNE 1, 2001

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ILLINOIS COMMERCE COMMISSION

DOCKET NO. 01-

PREPARED TESTIMONY OF

DANIEL L. MORTLAND

JUNE 1, 2001

I. <u>INTRODUCTION AND WITNESS QUALIFICATIONS</u>

1. Q. Please state your name and business address.

A. Daniel L. Mortland, 500 South 27th Street, Decatur, Illinois 62521.

2. Q. By whom are you employed and in what capacity?

A. I am employed by Illinois Power Company ("Illinois Power" or the "Company") as Director of Regulated Pricing and Costing Services.

3. Q. Please describe your educational background and professional experience.

A. I received a Bachelor of Science degree in Electrical Engineering from the University of Illinois in 1971. I received a Master of Science Degree in Systems Engineering from Wright State University in 1979. In addition, I have taken courses in finance, economics, and accounting. I am a registered Professional Engineer in the States of Illinois and Ohio. From 1971 to 1979, I was employed by The Dayton Power and Light Company of Dayton, Ohio. I held the titles of Associate Electrical Engineer, Associate Planning Engineer, Planning Engineer, and Coordinator-Generation Planning. I was employed by Illinois Power in July 1979 as Supervisor-Long Range Electric Resource Planning. I was appointed Administrator-Financial Planning in July 1984 and became Director-Financial

Planning in April 1987. I was appointed Assistant Treasurer of Illinois Power in January 1994. I was assigned to my current position in December 1999.

4. Q. Have you previously testified before any regulatory agency?

A. I have testified in numerous cases before the Illinois Commerce Commission on various financial issues. Furthermore, I have submitted prepared testimony in cases before the Federal Energy Regulatory Commission and the Illinois Pollution Control Board. I also have testified before the Illinois Department of Revenue.

II. <u>PURPOSE AND SCOPE</u>

5. Q. Please state the purpose of your testimony.

A. I am presenting the Company's proposed rate of return on rate base, including the capital structure to be used for ratemaking purposes and the embedded cost of the debt and preferred stock components of the capital structure. Also, I am presenting the proposed rate base, operating expenses and the revenue requirement for the delivery services business.

6. Q. In addition to your prepared testimony, IP Exhibit 3.1, which consists of prepared testimony containing questions and answers numbered 1 through 56, inclusive, are you sponsoring other exhibits?

A. Yes, I am sponsoring IP Exhibits 3.2 through 3.9, which were prepared under my supervision and direction.

7. Q. What test year did the Company employ to establish the capital structure, rate base and operating expenses?

A. The Company used an historic test year of the twelve months ended December 31, 2000, with known and measurable adjustments to capital structure, rate base and operating expenses through June 30, 2002.

8. Q. What rate of return on rate base is the Company requesting in this proceeding?

A. The Company is requesting a 9.22% rate of return on its test year jurisdictional rate base. IP Exhibit 3.2 presents a summary of the requested rate of return. I discuss the capital structure supporting this request along with the embedded costs of long-term debt, Transitional Funding Instruments ("TFIs"), preferred stock (non-tax advantaged), preferred securities (tax advantaged) and short-term debt in Section III of my testimony. The requested rate of return on common equity, as shown in Section III of my testimony, is based on the testimony and recommendations of IP witness Paul Moul.

9. Q. How is the remainder of your testimony structured?

A. I discuss rate base in Section IV; operating expenses, including pro forma adjustments, in Section V; and the overall delivery services revenue requirement in Section VI of my testimony.

III. CAPITAL STRUCTURE AND COST OF CAPITAL

10. Q. What capital structure is the Company requesting be used for ratemaking purposes in this proceeding?

A. The Company is proposing the capital structure shown on IP Exhibit 3.2. The capital structure consists of 36.10% long-term debt, 17.21% TFIs, 4.18% short-term debt, 1.49% preferred stock (non-tax advantaged), 3.09% preferred securities (tax advantaged), and 37.93% common stock equity.

11. Q. What is the basis for this capital structure?

A. This capital structure is based on the average monthly balances of short-term debt for the 12 months ended December 31, 2000, and the December 31, 2000, ending balances for long-term debt, TFIs, preferred stock, preferred securities and common stock equity, with adjustments for issuances and retirements scheduled to occur in the period January 1, 2001, through June 30, 2002.

12. Q. What amount and embedded cost of long-term debt should be used in establishing the rate of return in this proceeding?

A. As shown on IP Exhibit 3.3, page 3, the Company's adjusted embedded cost of long-term debt is 7.27%, based on the long-term debt outstanding at December 31, 2000, and adjusted for additional issuances and retirements occurring through June 30, 2002. A summary of the changes in long-term debt between December 31, 2000, and June 30, 2002, is presented on page 2 of IP Exhibit 3.3. I also made two other adjustments in determining the balance and embedded cost of long-term debt at June 30, 2002. First, an adjustment was made to gains and losses on reacquired debt related to the long-term debt balance. This $31.2 million net adjustment is related to the discontinuation of regulatory accounting treatment for IP's generation assets in 1997. Second, I have reduced the long-term debt balance at December 31, 2000, by $10.5 million which is the remaining balance of the fair market value adjustment to long-term debt required in connection with Illinois Power's 1998 quasi-reorganization.

13. Q. Please explain the reasons for the adjustment for gains and losses on reacquired debt referred to in your previous answer.

A. This adjustment is needed to reverse the impact of write-offs related to the discontinuation of Statement of Financial Accounting Standards 71 ("FAS 71"), "Accounting for the Effects of Certain Types of Regulation." The write-offs occurred in 1997 as a result of Illinois Power making the determination that its generation assets should no longer be accounted for under FAS 71. That determination was a direct result of the State of Illinois implementing deregulation legislation. The assets and liabilities that were written off included, among other items, unamortized gains and losses on reacquired debt. This adjustment reflects only the portion of the write-offs related to gains and losses on reacquired debt.

This adjustment reflects both: (1) the adding back of the gains and losses on reacquired debt that were written off, and (2) amortization on the adjusted amount of gains and losses on reacquired debt through June 30, 2002. This adjustment, in effect, portrays the balances and annual amortization of gains and losses on reacquired debt as if the 1997 write-off never occurred, and the balances had continued to be amortized. In Illinois Power's initial delivery services rate case, Docket Nos. 99-0120 and 99-0134 (Cons.) ("1999 DST Case"), the Commission accepted a similar adjustment to the long-term debt balance based on the unamortized balance at that time of the gains and losses on reacquired debt that had been written off.

14. Q. Why were the fair market value adjustments for long-term debt that were required as part of the 1998 quasi-reorganization excluded from the capital structure shown on IP Exhibit 3.2?

A. Among other things, the quasi-reorganization required Illinois Power's assets and liabilities to be adjusted to a fair market value for financial reporting purposes. Specifically, the Company was required to increase the stated value of its long-term debt by $25.3 million in 1998. This amount is amortized to interest expense on a straight-line basis over the remaining life of the individual debt issues until each debt issue matures or is redeemed. However, this does not impact the par value of securities outstanding or the amount of interest on long-term debt that are shown on IP Exhibit 3.3. At December 31, 2000, the remaining balance of the original fair market adjustment amount was $10.5 million. This $10.5 million unamortized fair market adjustment on long-term debt has been excluded when determining the Company's ratemaking cost of capital.

15. Q. Did you include the TFIs issued by Illinois Power Special Purpose Trust in the ratemaking capital structure shown on IP Exhibit 3.2?

A. Yes. It is Illinois Power's position that the TFIs should not be included in determining IP's capital structure and cost of capital for ratemaking purposes. The TFIs were not issued by, are not a debt obligation of, and are non-recourse to the assets of, Illinois Power Company. However, I have included the TFIs in the ratemaking capital structure because Illinois Power was ordered to do so by the Commission in the 1999 DST Case.

16. Q. How did you determine the amount and cost of TFIs that should be used in establishing the rate of return for this proceeding?

A. The amount of TFIs is based on the balance outstanding at June 30, 2002, and reflects the maturity of Series A-2 in June 2001 and Series A-3 in June 2002. I used the method approved in the 1999 DST Case to determine the balance and cost rates for the TFIs. I set the usable value of the TFIs equal to the proceeds realized from the sale of Intangible Transition Property less the expenses Illinois Power incurred to create and issue the TFIs less the losses on reacquired debt related to retiring various issues of debt, preferred stock and common stock. The losses on reacquired debt were subtracted because the proceeds of the TFI issuance were used to retire these securities. The resulting balance of funds available for use by Illinois Power was $810,137,295 (out of an original face value of $864 million in December 1998). IP Exhibit 3.4 shows the balances of outstanding TFIs as of June 30, 2002, reflecting the two scheduled maturities I previously mentioned.

In order to determine the cost of the TFIs, I constructed a projection of the monthly collections required to pay principal and interest based on the expected amortization schedule of the TFIs. Additional collections of $36,000 per month were added to reflect the amount required to fund the overcollateralization account for the TFIs. In the final month of the cash flow model, I reflected the return of $8.64 million in the overcollateralization and capital sub-accounts that is expected to flow back to Illinois Power when the last class of TFIs matures. The internal rate of return of these net cash flows was calculated to be 7.33% and reflects the all-in cost of the TFIs. That is, the internal rate of return reflects the cost of the TFIs, given that the principal outstanding continues to decline over the period.

17. Q. How did you determine the amount and embedded cost of short-term debt that should be used in establishing the rate of return in this proceeding?

A. The amount of short-term debt included in the Company's ratemaking capital structure was determined by taking the average for the 12 months ended December 31, 2000 of the net monthly short-term debt balances and monthly balances of construction-work-in-progress ("CWIP") accruing an allowance for funds used during construction ("AFUDC"). The resulting average amount of notes payable is $127,380,694, as shown on line 14, Column 4 of IP Exhibit 3.5. This methodology was approved by the Commission in the 1999 DST Case. The 5.9276% rate is the March 2001 rate for commercial paper. The annualized interest on notes payable is $7.6 million as shown on line 16 of IP Exhibit 3.5.

Costs related to Illinois Power's revolving credit agreement are included in the calculation of the short-term debt rate, as shown on IP Exhibit 3.5, lines 17 through 21. These costs are incurred solely because of Illinois Power's short-term debt obligations and, therefore, should be considered as part of the cost of short-term debt. The revolving credit agreement cost in support of commercial paper is $0.2 million. The resulting effective commercial paper rate is 6.053% as shown on line 23 of IP Exhibit 3.5.

18. Q. How was the revolving credit agreement cost derived?

A. The 0.125% rate is the facility fee for Illinois Power's line of credit for the revolving credit agreement in 2000.

19. Q. What are the amounts and embedded costs of preferred stock and preferred securities that should be used in establishing the rate of return in this proceeding?

A. IP Exhibit 3.6 shows the balances of preferred stock and preferred securities at June 30, 2002. As shown in this exhibit, the Company's embedded cost of preferred stock (non-tax advantaged) and preferred securities (tax advantaged) are 5.05% and 8.633%, respectively. There were no changes to the balance or costs for any series of preferred stock or preferred securities between December 31, 2000, and June 30, 2002.

20. Q. What is the Company's common stock equity balance that should be used in this proceeding?

A. As shown on IP Exhibit 3.7, the Company's common stock equity balance at December 31, 2000 is $1,156,700,413. This amount includes the year-end 2000 balances for paid-in capital and retained earnings less common stock expense and treasury stock. There are no other issuances or repurchases of common stock planned for the period January 1, 2001, through June 30, 2002.

21. Q. What is the Company's required rate of return on common stock equity that should be used in these proceedings?

A. Illinois Power is requesting a rate of return on common stock equity of 12.5%. IP witness Paul Moul provides support for this cost of common stock equity.

IV. <u>RATE BASE</u>

22. Q. Please explain what is shown on lines 1 through 17 on IP Exhibit 3.8.

A. IP Exhibit 3.8, lines 1 through 17, sets forth Illinois Power's rate base, including pro forma adjustments, for its distribution business.

23. Q. Please describe the layout of IP Exhibit 3.8.

A. Column 1 of the exhibit describes the components of the Company's distribution rate base. Column 2 shows the unadjusted functionalized balances for each component of rate base as of December 31, 2000, that are presented by IP witness Carter. Columns 3 through 9 detail the known and measurable adjustments to rate base through June 2002 that are supported by IP witnesses Carter, Barud and Jones. (Columns 10 through 24 are adjustments to operating expenses, as described later.) Column 25 shows the total for the rate base pro forma adjustments. Column 26 shows the adjusted amount of each rate base component and presents the Company's proposed distribution rate base.

A. <u>Rate Base Component Balances as of December 31, 2000</u>

24. Q. Please explain the Energy Delivery Rate Base Capital Additions adjustment shown in column 3 of IP Exhibit 3.8.

A. The Rate Base Capital Additions adjustment reflects projected capital expenditures of $81.4 million for distribution system additions between January 1, 2001, and June 30, 2002. The adjustment also reflects specific projects that will result in $6.3 million of additions to General and Intangible Plant for January 1, 2001, through June 30, 2002. IP witness Barud is sponsoring the details for these additions. The component of this adjustment for General and Intangible Plant additions reflects the portion of the additions that is allocable to distribution based on the labor allocator, as described by IP witnesses Carter and Barud. The corresponding adjustments to the Accumulated Reserve for Depreciation and the Reserve for Deferred Income Taxes are also shown. IP witness Carter is providing the support for these amounts.

25. Q. Do the Rate Base Capital Additions discussed in the previous answer represent known and measurable changes to the December 31, 2000, rate base?

A. Yes. With regard to each of the capital additions reflected in column 3 of IP Exhibit 3.8, IP witnesses Barud explains how the expenditures meet the "known and measurable" criteria.

26. Q. What is the source of the pro forma adjustment for 2001 Corporate Capital Additions as shown in Column 4 of IP Exhibit 3.8?

A. IP witness Carter sponsors the adjustment for the Corporate Capital Additions. Ms. Carter also presents the related adjustments to the Accumulated Reserve for Depreciation and the Reserve for Deferred Income Taxes.

27. Q. What is the source of the pro forma adjustment pertaining to the Load Research program as shown in Column 5 of IP Exhibit 3.8?

A. The adjustment for capital items required by IP's new Load Research program increases plant in service by $1.6 million. This adjustment is supported in IP witness Jones' testimony. IP witness Carter supports the related adjustments to the Accumulated Reserve for Depreciation and the Reserve for Deferred Income Taxes.

28. Q. What is the source of the adjustment entitled FAS 109 Gross-up Adjustment, shown in Column 6?

A. This adjustment is supported in the testimony of IP witness Carter.

29. Q. Is an adjustment to CWIP being proposed?

A. Yes. This adjustment is shown in Column 7 in IP Exhibit 3.8. As of December 31, 2000, a limited number of assets were included in CWIP that were actually in service. This adjustment reflects the transfer of these assets from CWIP to plant in service. These capital additions are exclusive of the amount of small CWIP (projects less than $7,500) which are included in the December 31, 2000 balance shown in Column 2, line 9. IP witness Carter provides the detailed support for this adjustment.

30. Q. Is the Company proposing an adjustment to Rate Base for buildings that have been or are being closed?

A. Yes. The Company has closed or is in the process of closing a number of buildings, whose costs were included in plant in service accounts at December 31, 2000. The Company is removing these buildings from rate base. This adjustment of $7.3 million to General Plant is shown in Column 8 of IP Exhibit 3.8 and is supported by IP witness Carter. The related adjustments to the Accumulated Reserve for Depreciation and Reserve for Deferred Income Taxes are also supported by IP witness Carter.

31.Q. Is the Company proposing an adjustment to Rate Base for cash working capital?

A. Yes. This adjustment increases rate base by $10.6 million, as shown in Column 9 of IP Exhibit 3.8. This adjustment is supported by IP witness Carter.

32. Q. Including all of the adjustments shown on IP Exhibit 3.8, what is the total rate base for the electric distribution business?

A. The rate base for the electric distribution business, including the pro forma adjustments shown in Column 3 through 9, is $928,924,000, as shown in Column 26, line 17 on IP Exhibit 3.8.

V. OPERATING EXPENSES

33. Q. What does IP Exhibit 3.8, lines 18 through 28, show?

A. IP Exhibit 3.8, lines 18 through 28 show the operating expenses for the Company's electric distribution business for the twelve months ended December 31, 2000, plus pro forma adjustments.

34. Q. Please describe the operating expense information shown on IP Exhibit 3.8.

A. Column 1 identifies the operating expense categories associated with the electric distribution business. Column 2 shows the level of expenses attributable to the electric distribution business for the twelve months ended December 31, 2000, and is supported by IP witness Carter. Columns 3 through 24 show pro forma adjustments to operating expenses (some of these columns are used for adjustments to Rate Base and have no impact on operating expenses). Column 25 shows the total pro forma adjustments for Columns 3 through 24. Column 26 reflects the adjusted level of operating expense to be used for determining revenue requirements.

35. Q. What items are shown in Columns 3 through 24 of IP Exhibit 3.8?

A. Columns 3, 4, 5, 7 and 8 show adjustments to operating expense components, such as depreciation expense, related to the Rate Base adjustments shown in those columns and are supported by IP witnesses Carter and Jones. Columns 10 through 24 detail known and measurable adjustments to the operating results for the 12 months ended December 31, 2000. The adjustments in Columns 10 through 24 are supported by IP witnesses Carter, Barud and Holtzscher.

36. Q. Please explain the operating expense adjustment for Load Research shown in Column 5 of IP Exhibit 3.8

A. Monthly charges are incurred for phone services for the Load Research project. This adjustment is support by IP witness Jones in IP Exhibit 6.1.

37. Q. Please describe the adjustment for expenses and taxes related to offices that are no longer in use as shown in Column 8 of IP Exhibit 3.8.

A. This adjustment reflects reductions in administrative and general expenses and real estate taxes from the closing of various Illinois Power buildings that are no longer in use. This adjustment is supported by IP witness Carter in IP Exhibit 1.29.

38. Q. What is the source of the adjustment for rate case expenses shown in Column 10 of IP Exhibit 3.8?

A. This adjustment reflects the continuing amortization of allowed rate case expenses from the 1999 DST Case plus the amortization of costs being incurred by the Company for the instant case. The adjustment is based on a straight-line amortization of these costs over three years as approved in the 1999 DST Case. The adjustment is supported by IP witness Carter in IP Exhibit 1.16.

39. Q. Please describe the postal rate increase adjustment shown in Column 11 of IP Exhibit 3.8.

A. This increase recognizes the increase in postal rates that occurred in January 2001. This adjustment is supported by IP witness Carter in IP Exhibit 1.17.

40. Q. Please describe the adjustment for insurance costs shown in Column 12 of IP Exhibit 3.8.

A. This adjustment reflects removal of various non-recurring credits for insurance premiums recorded in 2000 that served to understate the on-going level of insurance expense, as well as increases in property insurance and liability insurance. This adjustment is supported by IP witness Carter in IP Exhibit 1.18.

41. Q. Please describe the adjustment related to the Standards of Conduct / Functional Separation Rulemaking shown in Column 13 of IP Exhibit 3.8.

A. This adjustment provides for amortization of costs associated with Standards of Conduct / Functional Separation rulemaking, as allowed in the 1999 DST Case. This adjustment is supported by IP witness Carter in IP Exhibit 1.19.

42. Q. Please describe the adjustment related to the Affiliate Transactions rulemaking shown in Column 14 of IP Exhibit 3.8.

A. This adjustment provides for amortization of costs associated with the rulemaking on transactions with affiliates, as allowed in the 1999 DST Case. This adjustment is supported by IP witness Carter in IP Exhibit 1.20.

43. Q. Please explain the adjustment associated with Year 2000 (“Y2K”) compliance expenses shown in Column 15 of IP Exhibit 3.8.

A. This adjustment provides for amortization of costs incurred to insure that the Company’s systems were Y2K compliant. The adjustment is supported by IP witness Carter in IP Exhibit 1.21.

44. Q. Please explain the adjustment associated with the cost of Company use of electricity shown in Column 16 of IP Exhibit 3.8.

A. This adjustment reflects the cost of electricity used by the Company in order to provide electric distribution services. This adjustment is supported by IP witness Carter in IP Exhibit 1.24.

45. Q. Please explain the adjustment for pass-through taxes shown in Column 17 of IP Exhibit 3.8.

A. The Company collects and remits certain taxes and other charges to the appropriate governmental authorities. These taxes and other charges have no effect on IP's revenue requirement. This adjustment eliminates $12,067,000 of taxes from the revenue requirement, and is supported by IP witness Carter in IP Exhibit 1.25.

46. Q. Please explain the Payroll Adjustment shown in Column 18 of IP Exhibit 3.8.

A. This adjustment represents scheduled increases in wages for bargaining unit employees and in salary levels for non-union employees during 2001, and is supported by IP witness Carter in IP Exhibit 1.26.

47. Q. Please describe the adjustment for increases in Federal Insurance Contributions Act ("FICA") taxes shown in Column 19 of IP Exhibit 3.8.

A. This adjustment shows the increased matching level required for the Company's FICA contribution in 2001, over the level required in 2000. This adjustment is supported by IP witness Carter in IP Exhibit 1.27.

48. Q. Please describe the adjustment for severance costs and transition employees shown in Column 20 of IP Exhibit 3.8.

A. As a result of internal restructuring following the merger with Dynegy in 2000, the Company was able to eliminate certain employee positions during the course of the year. This adjustment removes the compensation (including pension and benefits costs) and severance benefits paid to these employees from the test period operating expenses since those costs do not reflect an ongoing expense. This adjustment also includes amortization of the severance costs over a five-year period. This adjustment is supported in detail by IP witness Carter in IP Exhibit 1.28.

49. Q. Please explain the adjustment for Dynegy senior executive compensation shown in Column 21 of IP Exhibit 3.8.

A. This adjustment removes the costs associated with bonuses paid to senior Dynegy executives during 2000. This adjustment is supported by IP witness Carter in IP Exhibit 1.30.

50. Q. Please explain the adjustment associated with the Operations Compliance Group implementation costs shown in Column 22 of IP Exhibit 3.8.

A. The Company is proposing to amortize over three years the one-time expense of $230,000 incurred in 2001 for the initial implementation of the Operations Compliance Group. This adjustment is supported by IP witness Barud in IP Exhibit 2.1.

51. Q. Please discuss the adjustment for storm damage expense normalization shown in Column 23 of IP Exhibit 3.8.

A. This adjustment modifies the level of actual expense for storm-related damages during 2000 to a more typical level of such expenditures, based on a five-year average, using the methodology approved in the 1999 DST Case. The adjustment is presented by IP witness Barud in IP Exhibit 2.11.

52. Q. Please explain the adjustment for additional personnel for implementing Customer Choice as shown in Column 24 of IP Exhibit 3.8.

A. Additional personnel will be needed in the Retail Electric Supplier ("RES") Business Center and the Company's Customer Care Center to handle Electric Choice processes for residential customers. This adjustment is supported by IP witness Holtzscher.

53. Q. Please describe line 29 on IP Exhibit 3.8.

A. This line shows the revenue requirement impact of each individual adjustment to arrive at the $311,716,000 revenue requirement that is discussed in the following section of my testimony.

VI. REVENUE REQUIREMENT

54. Q. What is the Company's revenue requirement for its electric distribution business?

A. As shown on IP Exhibit 3.9, page 1, line 9, the revenue requirement for the electric distribution business is $311,716,000.

55. Q. How was the revenue requirement shown on IP Exhibit 3.9 calculated?

A. The net rate base for the electric distribution business, from IP Exhibit 3.8, line 17, Column 26, is $928,924,000 and is shown on line 1 of IP Exhibit 9. The overall rate of return requested by the Company, from IP Exhibit 3.2, is 9.22 percent, as shown on line 2. Multiplying the net rate base by the rate of return on rate base results in the requested return on rate base of $85,647,000, as shown on line 3. This amount is reduced by the income tax savings from interest synchronization of $16,213,000, as shown on line 4, to arrive at an after tax return requirement of $69,434,000, as shown on line 5. The development of the income tax savings from interest synchronization is shown on page 2 of IP Exhibit 3.9

Next, the after-tax return requirement of $69,434,000, as shown on line 5, is grossed up by the income tax conversion factor of 1.65747, as shown on line 6, and is added to the operating expenses of $196,631,000 (from IP Exhibit 3.8, line 28, Column 26) as shown on lines 7 and 8, respectively. This results in a revenue requirement of $311,716,000, as shown on line 9 of IP Exhibit 3.9.

56. Q. Does this conclude your prepared direct testimony?

A. Yes, it does.

Illinois Power Company
Rate of Return
Cost of Capital Summary
Net Proceeds Method
as of June 30, 2002, Adjusted

Line No.	Description	Amount of Capital Stock	Capital Structure Ratio	Cost Rate	Weighted Rate
	(1)	(2)	(3)	(4)	(5)
1	Long-Term Debt	$ 1,100,721,834	36.10%	7.27%	2.62%
2	Transitional Funding Instruments	524,812,373	17.21%	7.33%	1.26%
3	Short-Term Debt	127,380,694	4.18%	6.053%	0.25%
4	Preferred Stock, Non-tax Advantaged	45,430,145	1.49%	5.05%	0.08%
5	Preferred Securities, Tax Advantaged	94,208,797	3.09%	8.63%	0.27%
6	Common Equity	1,156,700,413	37.93%	12.50%	4.74%
7	Total	$ 3,049,254,256	100.00%		9.22%

Illinois Power Company
Embedded Cost of Long-Term Debt
Net Proceeds Method
As of December 31, 2000

	Debt Type (1)	Debt Issue (2)	Date Issued (3)	Maturity Date (4)	Principal Amount (5)	Face Amount Outstanding (6)	Unamortized Debt Discount (Premium) (7)	Unamortized Debt Expense (8)	Carrying Value (6)-(7)-(8) (9)
1	Loss on Reacquired Debt	Series 14.5% & 12%	09/01/1996	09/01/2016	$150,000,000	$0	$ 10,227,160	$0	($10,227,160)
2	Loss on Reacquired Debt	Series 7.600%	12/01/1993	10/01/2001	35,000,000		72,202		(72,202)
3	Loss on Reacquired Debt	Series 7.625%	09/01/1993	06/01/2003	60,000,000		376,717		(376,717)
4	Loss on Reacquired Debt	Series 10.500%	05/01/1991	09/01/2004	50,000,000		598,723		(598,723)
5	Loss on Reacquired Debt	Series 8.625%	04/01/1993	03/01/2005	100,000,000		1,496,075		(1,496,075)
6	Loss on Reacquired Debt	PCB Series C 10.750%	07/01/1991	07/01/2021	150,000,000		5,046,364		(5,046,364)
7	Loss on Reacquired Debt	PCB Series D 11.625%	05/01/1994	02/01/2024	75,000,000		1,565,429		(1,565,429)
8	Loss on Reacquired Debt	PCB Series E 10.750%	07/01/1991	07/01/2021	150,000,000		2,546,591		(2,546,591)
9	Loss on Reacquired Debt	Series 9.875%	11/01/1990	07/01/2016	75,000,000		286,533		(286,533)
10	Loss on Reacquired Debt	Series 9.375%	03/01/1993	02/01/2023	125,000,000		7,381,584		(7,381,584)
11	Loss on Reacquired Debt	PCB Series F,G,H 7.625%	06/01/1997	04/01/2032	150,000,000		5,620,247		(5,620,247)
12	Loss on Reacquired Debt	PCB Series I 8.300%	07/01/1987	04/01/2017	33,755,000		3,814,298		(3,814,298)
13	Loss on Reacquired Debt	Series 8.875%	03/01/1993	02/01/2023	100,000,000		3,720,347		(3,720,347)
14	Loss on Reacquired Debt	Series 12.000%	01/01/1988	11/01/2012	75,000,000		341,834		(341,834)
15	Loss on Reacquired Debt	Series 7.500%	08/01/1993	07/15/2025	200,000,000		2,421,206		(2,421,206)
16	Loss on Reacquired Debt	PCB Series 5.400%	03/01/1998	03/01/2028	52,455,000		1,182,565		(1,182,565)
17	Loss on Reacquired Debt	PCB Series 7.375%	07/01/1999	12/01/2008	84,710,000		8,316,186		(8,316,186)
18	Loss on Reacquired Debt	Series 7.950%	12/01/1998	12/01/2008	72,000,000		3,430,977		(3,430,977)
19	Loss on Reacquired Debt	Series 8.750%	01/01/1999	12/01/2008	125,000,000		5,025,012		(5,025,012)
20									
21	New Mortgage Bond	Series 6.500%	08/01/1993	08/01/2003	100,000,000	100,000,000	333,370	36,029	99,630,601
22									
23	New Mortgage Bond	Series 6.750%	03/15/1993	03/15/2005	70,000,000	70,000,000	225,524	43,285	69,731,191
24									
25	Variable Rate Debt	ACES Adjustable	12/22/1987	03/01/2017	75,000,000	75,000,000		559,420	74,440,580
26	Remarketing and LOC Fees	ACES Adjustable	12/22/1987	03/01/2017	75,000,000				
27									
28	New Mortgage Bond	PCB Series U 5.700%	02/01/1994	02/01/2024	35,615,000	35,615,000	5,135,051	1,408,420	29,071,529
29									
30	New Mortgage Bond	PCB Series V 7.400%	02/01/1994	02/01/2024	84,150,000	84,150,000	672,587	3,098,937	80,378,476
31									
32	New Mortgage Bond	Series 7.500%	07/22/1993	07/15/2025	200,000,000	65,630,000	743,258	68,609	64,818,133
33									
34	New Mortgage Bond	PCB Series M,N,O Adjustable	11/09/1993	11/01/2028	111,770,000	111,770,000	417,024	1,008,972	110,344,004
35	Remarketing and LOC Fees	PCB Series M,N,O Adjustable	11/09/1993	11/01/2028	111,770,000				
36									
37	New Mortgage Bond	PCB Series P,Q,R Adjustable	04/10/1997	04/01/2032	150,000,000	150,000,000		2,712,633	147,287,367
38	Remarketing and LOC Fees	PCB Series P,Q,R Adjustable	04/10/1997	04/01/2032	150,000,000				
39									
40	New Mortgage Bond	PCB Series S 5.400%	03/01/1998	03/01/2028	18,700,000	18,700,000		530,001	18,169,999
41									
42	New Mortgage Bond	PCB Series T 5.400%	03/01/1998	03/01/2028	33,755,000	33,755,000		535,323	33,219,677
43									
44	New Mortgage Bond	Series 6.250%	07/01/1998	07/01/2002	100,000,000	95,675,000	25,497	330,083	95,319,420
45									
46	New Mortgage Bond	Series 6.000%	09/01/1998	09/01/2003	100,000,000	90,000,000	97,691	416,958	89,485,351
47									
48	New Mortgage Bond	Series 7.500%	06/15/1999	06/15/2009	250,000,000	250,000,000	311,938	1,994,703	247,693,359
49									
50	**Total Long-Term Debt 2000 Ending Balances, Adjusted**					$1,180,295,000	$71,431,989	$12,743,373	$1,096,119,638
51									

NOTE: Long-term debt ties to 2000 FERC Form 1 excluding the Fair Market Value Adjustment of $10.5 million . Loss on reacquired debt is presented here as if the Company had not discontinued accounting for generation assets under FAS 71.

Changes to Long-Term Debt between January 1, 2001 and June 30, 2002.

1. On May 1, 2001, Illinois Power issued $111,770,000 of Series W Pollution control Bonds. Proceeds from this bond issuance were used to refund and retire $111,770,000 of the series M, N, and O Series of Pollution Control Bonds on June 1, 2001. This bond refunding will substitute a lower-cost variable auction rate structure using insurance for credit enhancement in place of the former variable rate model that required more costly bank lines of credit for credit enhancement. This change is reflected on lines 33 and 34 of IP Exhibit 3.3, page 3 of 3.

2. On May 1, 2001, Illinois Power issued $75,000,000 of Series X Pollution Control Bonds. Proceeds from this bond issuance were used to refund and retire $75,000,000 of ACES Pollution Control Bonds on June 1, 2001. This bond refunding will substitute a lower-cost variable auction rate structure using insurance for credit enhancement in place of the former variable rate model that required more costly bank lines of credit for credit enhancement. This change is reflected on lines 24 and 25 of IP Exhibit 3.3, page 3 of 3.

3. Series 7.60% Loss on Reacquired Debt Amortization matured in October 2001 and therefore was included in IP Exhibit 3.3, page 1 of 3 but not included in page 3 of 3.

4. There is no unamortized debt discount or premium in Column 6 or unamortized debt expense in Column 7 for New Mortgage Bond Series 6.25% in IP Exhibit 3.3, page 3 of 3, because this bond will mature in July 2002. However, the amortization was included in Column 11 and interest expense was included in Column 12 for the twelve months ended June 30, 2002.

Illinois Power Company
Embedded Cost of Long-Term Debt
Net Proceeds Method
December 31, 2000 with Adjustments through June 30, 2002

	Debt Type (1)	Debt Issue (2)	Date Issued (3)	Maturity Date (4)	Principal Amount (5)	Face Amount Outstanding (6)	Unamortized Debt Discount (Premium) (7)	Unamortized Debt Expense (8)	Carrying Value (6)-(7)-(8) (9)	Annualized Coupon Expense (2) x (6) (10)	Annualized Amortization of Debt Discount (Premium) (11)	Annualized Amortization of Debt expense (12)	Annualized Interest Expense (10)+(11)+(12) (13)
1	Loss on Reacquired Debt	Series 14.5% & 12%	09/01/1996	09/01/2016	$150,000,000	$0	$9,247,960	$0	($9,247,960)	$0	$0	$652,800	$652,800
2	Loss on Reacquired Debt	Series 7.625%	09/01/1993	06/01/2003	60,000,000		125,573		(125,573)			167,424	167,424
3	Loss on Reacquired Debt	Series 10.500%	05/01/1991	09/01/2004	50,000,000		353,795		(353,795)			163,284	163,284
4	Loss on Reacquired Debt	Series 8.625%	04/01/1993	03/01/2005	100,000,000		957,488		(957,488)			359,057	359,057
5	Loss on Reacquired Debt	PCB Series C 10.750%	07/01/1991	07/01/2021	150,000,000		4,774,402		(4,774,402)			181,308	181,308
6	Loss on Reacquired Debt	PCB Series D 11.625%	05/01/1994	02/01/2024	75,000,000		1,463,711		(1,463,711)			67,812	67,812
7	Loss on Reacquired Debt	PCB Series E 10.750%	07/01/1991	07/01/2021	150,000,000		2,386,877		(2,386,877)			106,476	106,476
8	Loss on Reacquired Debt	Series 9.875%	11/01/1990	07/01/2016	75,000,000		258,804		(258,804)			18,492	18,492
9	Loss on Reacquired Debt	Series 9.375%	03/01/1993	02/01/2023	125,000,000		6,880,194		(6,880,194)			334,260	334,260
10	Loss on Reacquired Debt	PCB Series F,G,H 7.625%	06/01/1997	04/01/2032	150,000,000		5,350,481		(5,350,481)			179,844	179,844
11	Loss on Reacquired Debt	PCB Series I 8.300%	07/01/1987	04/01/2017	33,755,000		3,462,209		(3,462,209)			234,720	234,720
12	Loss on Reacquired Debt	Series 8.875%	03/01/1993	02/01/2023	100,000,000		3,467,645		(3,467,645)			168,468	168,468
13	Loss on Reacquired Debt	Series 12.000%	01/01/1988	11/01/2012	75,000,000		298,508		(298,508)			28,884	28,884
14	Loss on Reacquired Debt	Series 7.500%	08/01/1993	07/15/2025	200,000,000		2,079,753		(2,079,753)			36,360	36,360
15	Loss on Reacquired Debt	PCB Series 5.400%	03/01/1998	03/01/2028	52,455,000		1,117,270		(1,117,270)			43,524	43,524
16	Loss on Reacquired Debt	PCB Series 7.375%	07/01/1999	12/01/2008	84,710,000		6,756,900		(6,756,900)			1,039,524	1,039,524
17	Loss on Reacquired Debt	Series 7.950%	12/01/1998	12/01/2008	72,000,000		2,787,675		(2,787,675)			751,716	751,716
18	Loss on Reacquired Debt	Series 8.750%	01/01/1999	12/01/2008	125,000,000		4,082,820		(4,082,820)			429,816	429,816
19													
20	New Mortgage Bond	Series 6.500%	08/01/1993	08/01/2003	100,000,000	100,000,000	139,798	15,113	99,845,089	6,500,000	129,048	13,944	6,642,992
21													
22	New Mortgage Bond	Series 6.750%	03/15/1993	03/15/2005	70,000,000	70,000,000	144,326	27,697	69,827,977	4,725,000	54,132	10,392	4,789,524
23													
24	Auction Rate Debt	PCB Series X Adjustable	05/01/2001	03/01/2017	75,000,000	75,000,000		2,638,976	72,361,024	3,185,115		179,940	3,365,055
25	Auction and Remarketing Fees	PCB Series X Adjustable	05/01/2001	03/01/2017	75,000,000					415,092			415,092
26													
27	New Mortgage Bond	PCB Series U 5.700%	02/01/1994	02/01/2024	35,615,000	35,615,000	4,801,367	1,316,890	29,496,743	2,030,055	222,456	61,020	2,313,531
28													
29	New Mortgage Bond	PCB Series V 7.400%	02/01/1994	02/01/2024	84,150,000	84,150,000	630,395	2,904,573	80,615,032	6,227,100	28,128	129,576	6,384,804
30													
31	New Mortgage Bond	Series 7.500%	07/22/1993	07/15/2025	200,000,000	65,630,000	697,754	64,415	64,867,831	4,922,250	30,336	2,796	4,955,382
32													
33	Auction Rate Debt	PCB Series W Adjustable	05/01/2001	11/01/2028	111,770,000	111,770,000	394,542	4,235,644	107,139,814	4,952,083	14,988	156,298	5,123,369
34	Auction and Remarketing Fees	PCB Series W Adjustable	05/01/2001	11/01/2028	111,770,000					564,256			564,256
35													
36	New Mortgage Bond	PCB Series P,Q,R Adjustable	04/10/1997	04/01/2032	150,000,000	150,000,000		2,582,421	147,417,579	6,448,534		86,808	6,535,342
37	Remarketing and LOC Fees	PCB Series P,Q,R Adjustable	04/10/1997	04/01/2032	150,000,000					301,726			301,726
38													
39	New Mortgage Bond	PCB Series S 5.400%	03/01/1998	03/01/2028	18,700,000	18,700,000		500,733	18,199,267	1,009,800		19,512	1,029,312
40													
41	New Mortgage Bond	PCB Series T 5.400%	03/01/1998	03/01/2028	33,755,000	33,755,000		505,767	33,249,233	1,822,770		19,704	1,842,474
42													
43	New Mortgage Bond	Series 6.250%	07/01/1998	07/01/2002	100,000,000	95,675,000	-	-	95,675,000	5,979,688	16,992	220,056	6,216,736
44													
45	New Mortgage Bond	Series 6.000%	09/01/1998	09/01/2003	100,000,000	90,000,000	42,737	182,418	89,774,845	5,400,000	36,636	156,360	5,592,996
46													
47	New Mortgage Bond	Series 7.500%	06/15/1999	06/15/2009	250,000,000	250,000,000	256,333	1,639,203	248,104,464	18,750,000	37,068	237,000	19,024,068
48													
49	**Total Long-Term Debt June 30, 2002 Ending Balance, Adjusted**					$1,180,295,000	$62,959,316	$16,613,850	$1,100,721,834	$73,233,468	$569,784	$6,257,175	$80,060,427
50													
51												Embedded Cost of Long Term Debt	7.27%

(A) Embedded Cost of Capital Calculation = Column 13 line 49 divided by Column 9 line 49.

NOTE: Loss on reacquired debt is presented here as if the Company had not discontinued accounting for generation assets under FAS 71.

Illinois Power Company
Balance of Transition Funding Instruments
Net Proceeds Method
As of June 30, 2002, Adjusted

	Debt Type (1)	Debt Issue (2)	Date Issued (3)	Maturity Date (4)	Principal Amount (5)	Face Amount Outstanding (6)	Unamortized Debt Discount (Premium) (7)	Unamortized Debt Expense (8)	Carrying Value (6)-(7)-(8) (9)
1	Loss on Reacquired Debt	Securitization Various			$0	$0	$32,547,595	$0	($32,547,595)
2									
3	Transitional Funding Trust Notes	Series A-4 5.340%	12/22/1998	06/22/2003	85,000,000	72,600,000			72,600,000
4	Transitional Funding Trust Notes	Series A-5 5.380%	12/22/1998	06/22/2005	175,000,000	175,000,000			175,000,000
5	Transitional Funding Trust Notes	Series A-6 5.540%	12/22/1998	06/22/2007	175,000,000	175,000,000			175,000,000
6	Transitional Funding Trust Notes	Series A-7 5.650%	12/22/1998	12/22/2008	139,000,000	139,000,000			139,000,000
7	(1)	Series A-1 - A-7	12/22/1998	12/22/2008	864,000,000	-	53,562	4,186,470	(4,240,032)
8									
9	**Total TFI June 30, 2002 Ending Balances, Adjusted**					$561,600,000	$32,601,157	$4,186,470	$524,812,373

(1) Unamortized discount and debt expense for Transitional Funding Trust Notes 1998- A-1 through A-7

Note: Transitional Funding Trust Note Series A-2 (5.26%) will mature June 2001, and TF Trust Note Series A-3 (5.310%) will mature June 2002. These series are not included above.
The principal of the remaining Transitional Funding Trust Notes are reduced by $21.6 million per quarter consistent with the TFI amortization schedule.

IP Exhibit 3.4

Illinois Power Company
Embedded Cost of Short-Term Debt

Line No.	Month (1)	Balance of Short-Term Debt (1) (2)	Balance of CWIP Accruing AFUDC (3)	Net Amount Outstanding (A) (2-3) (4)	Annualized Interest (5)
Notes Payable					
1	December, 1999	$295,678,511	$29,498,405	$266,180,106	
2	January, 2000	288,595,185	28,141,192	260,453,993	
3	February	292,467,183	27,116,119	265,351,064	
4	March	210,067,382	28,017,573	182,049,810	
5	April	1,056,109	28,251,405	-	
6	May	5,673,102	27,168,091	-	
7	June	125,390,890	26,457,055	98,933,835	
8	July	121,735,212	24,272,908	97,462,304	
9	August	125,811,715	21,255,339	104,556,377	
10	September	184,944,644	19,859,586	165,085,058	
11	October	74,299,848	19,460,480	54,839,368	
12	November	80,271,410	19,133,715	61,137,695	
13	December	118,115,010	18,215,599	99,899,411	
14	Average	$148,008,169	$24,372,882	$127,380,694	
15	Commercial Paper Rate at March 2001			5.9276%	
16	Annualized Interest on Short-term Debt				$7,550,618 (B)

Revolving Credit Agreement

		Outstanding	Annual Fee
17	Revolving Credit Agreement in Support of Commercial Paper	300,000,000	
18	Revolving Credit Agreement Facility Fee	0.125%	
19	Annual Fee on Revolving Credit Agreement		375,000 (C)
20	Percentage of Commercial Paper to Revolving Credit Agreement		42.5%
21	Revolving Credit Agreement Cost in Support of Commercial Paper		159,226 (D)

Effective Commercial Paper Rate

22	**Effective Commercial Paper Annualized Interest**	$7,709,844 (E)
23	**Effective Commercial Paper Rate**	**6.053%**

(A) Monthly averages excluding negative amounts.
(B) Column 4 line 14 times Column 4 line 15.
(C) Column 4 line 17 times Column 4 line 18.
(D) Column 5 line 19 times Column 5 line 20.
(E) Column 5 line 16 plus Column 5 line 21.

Illinois Power Company
Embedded Cost of Preferred Stock and Preferred Securities
Net Proceeds Method
As of June 30, 2002

Line No.	Dividend rate, type, par value	Date Issued	Maturity Date	Number of Shares Outstanding	Par Value Outstanding	Premium or (Discount)	Unamortized Issue Expense	Net proceeds (5)+(6)-(7)	Annual Amortization of Discount or Premium	Annual Amortization of Issue Expense	Annual Dividends	Annual Dividend Expense (9)+(10)+(11)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1	**Preferred Stock (non-tax advantaged)**											
2												
3	Serial preferred stock, cumulative, $50 par value											
4												
5	4.080%	04/24/1950	N/A	225,510	$11,275,500	$224,334	$203,254	$11,296,580	$0	$0	$460,040	$460,040
6	4.260%	11/01/1950	N/A	104,280	5,214,000	10,366	24,676	5,199,690	-	-	222,116	222,116
7	4.700%	03/10/1952	N/A	145,170	7,258,500	-	32,156	7,226,344	-	-	341,150	341,150
8	4.420%	02/11/1953	N/A	102,190	5,109,500	-	27,494	5,082,006	-	-	225,840	225,840
9	4.200%	09/23/1954	N/A	143,760	7,188,000	-	34,145	7,153,855	-	-	301,896	301,896
10	7.750%	06/21/1994	N/A	191,765	9,588,250	(81,505)	35,076	9,471,669	-	-	743,089	743,089
11												
12	**Total June 30, 2002**				$45,633,750	$153,194	$356,799	$45,430,145	$0	$0	$2,294,132	$2,294,132
13												
14											**Embedded Cost of Preferred Stock (non-tax advantaged)**	**5.050%**
15												
16	**Preferred Securities (tax advantaged)**											
17												
18	Mandatorily Redeemable Preferred Securities											
19												
20	MIPS 9.45%	10/06/1994	05/01/2000		$0	$0	$2,828,381	($2,828,381)	$0	$65,894	$0	$65,894
21												
22	TOPrS 8.00%	01/17/1996	01/01/2045		100,000,000	-	2,962,822	97,037,178	-	67,321	8,000,000	8,067,321
23												
24	**Total June 30, 2002**				$100,000,000	$0	$5,791,203	$94,208,797		$133,215	$8,000,000	$8,133,215
25												
26											**Embedded Cost of Preferred Securities (tax advantaged)**	**8.633%**

Note : No pro forma adjustments for Preferred Stock or Preferred Securities

IP Exhibit 3.6

Illinois Power Company
Common Stock Equity
for December 31, 2000

Line No. (1)	Date (2)	Paid-in Capital (3)	Retained Earnings (4)	Common Stock Expense (5)	Treasury Stock (6)	Total Common Stock Equity (3)+(4)+(5)+(6) (7)
1	December 31, 2000	1,274,199,742	175,723,982	(6,855,401)	(286,367,910)	1,156,700,413

ILLINOIS POWER COMPANY
SUMMARY OF RATE BASE AND OPERATING EXPENSES AND PRO FORMA ADJUSTMENTS
($000)

Line No.	Description	December 31, 2000	Proforma #1 Energy Delivery Rate Base Additions	Proforma #2 Corporate Capital Additions Adjustment	Proforma #3 Load Research Adjustment	Proforma #4 FAS 109 Gross-up Adjustment	Proforma #5 Plant Transfer from CWIP to UPIS Adjustment	Proforma #6 Facilities No Longer in Use Adjustment	Proforma #7 Cash Working Capital Adjustment	Proforma #8 Rate Case Expense Adjustment	Proforma #9 Postal Rate Increase Adjustment
		IP Exhibit 1.3 & 1.14 (Carter)	IP Exhibit (1) (Barud/Carter)	IP Ex. 1.5, 1.9, 1.11, 1.22 (Carter)	IP Exhibit (2) (Jones/Carter)	IP Exhibit 1.6, 1.9 (Carter)	IP Ex. 1.7, 1.9, 1.11, 1.22, 1.29 (Carter)	IP Ex. 1.8, 1.9, 1.11, 1.22, 1.29 (Carter)	IP Exhibit 1.10 (Carter)	IP Exhibit 1.16 (Carter)	IP Exhibit 1.17 (Carter)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	RATE BASE										
	Plant in Service										
1	Distribution Plant in Service	$1,392,655.0	$81,386.0	-	$1,606.0	($2,101.0)	-	-	-	-	-
2	General Plant in Service	193,902.0	5,026.0	$7,463.0	-	(115.0)	$6,015.0	($7,346.0)	-	-	-
3	Intangible Plant in Service	63,479.0	1,303.0	3,841.0	-	-	2,115.0	-	-	-	-
4	Accumulated Deprec - Distribution	(573,562.0)	(952.0)	-	(19.0)	717.0	-	-	-	-	-
5	Accumulated Deprec - General	(47,759.0)	(52.0)	(108.0)	-	75.0	(77.0)	6,934.0	-	-	-
6	Accumulated Deprec - Intangible	(49,696.0)	(130.0)	(384.0)	-	-	(211.0)	-	-	-	-
7	**Net Plant in Service**	979,019.0	86,581.0	10,812.0	1,587.0	(1,424.0)	7,842.0	(412.0)	-	-	-
	Adjustments										
8	Land Held for Future Use	-	-	-	-	-	-	-	-	-	-
9	CWIP - Not Including AFUDC	6,014.0	-	-	-	-	-	-	-	-	-
10	Depr Res - Contrib Electric Distribution	2,870.0	-	-	-	-	-	-	-	-	-
11	Working Capital	6,873.0	-	-	-	-	-	-	10,568.0	-	-
12	Reserve for Deferred Income Taxes	(173,375.0)	(2,614.0)	(1,745.0)	(33.0)	-	(254.0)	255.0	-	-	-
13	Customer Deposit Balance	(2,044.0)	-	-	-	-	-	-	-	-	-
14	Customer Advances for Construction	(1,032.0)	-	-	-	-	-	-	-	-	-
15	Pre-1971 ITC	(564.0)	-	-	-	-	-	-	-	-	-
16	**Total Adjustments**	(161,258.0)	(2,614.0)	(1,745.0)	(33.0)	-	(254.0)	255.0	10,568.0	-	-
17	**Total Rate Base**	$817,761.0	$83,967.0	$9,067.0	$1,554.0	($1,424.0)	$7,588.0	($157.0)	$10,568.0	$0.0	$0.0
	Operating Expenses										
18	Operation & Maintenance	$51,243.0	-	-	$144.0	-	-	-	-	-	-
19	Customer Accounts Expense	12,087.0	-	-	-	-	-	-	-	-	$68.0
20	Customer Service and Informational Expense	4,950.0	-	-	-	-	-	-	-	-	-
21	Sales Expense	-	-	-	-	-	-	-	-	-	-
22	Administrative and General Expenses	63,521.0	-	-	-	-	$86.0	($193.0)	-	$494.0	-
23	Depreciation Expense - Distribution Plant	31,890.0	$1,904.0	-	38.0	-	-	-	-	-	-
24	Depreciation Expense - General Plant	4,983.0	103.0	$217.0	-	-	154.0	(152.0)	-	-	-
25	Amortization Expense - Intangible Plant	5,659.0	261.0	768.0	-	-	423.0	-	-	-	-
26	Taxes Other Than Income	45,656.0	-	-	-	-	96.0	(73.0)	-	-	-
27	Investment Tax Credit Adjustment - Net	(573.0)	-	-	-	-	-	-	-	-	-
28	**Total Operating Expenses**	$219,416.0	$2,268.0	$985.0	$182.0	$0.0	$759.0	($418.0)	$0.0	$494.0	$68.0
29	Revenue Requirement for Individual Columns	$320,729.0	$12,671.0	$2,108.0	$375.0	($176.0)	$1,699.0	($437.0)	$1,309.0	$494.0	$68.0

(1) Plant information is in IP Exhibit 2.6, 2.9, 2.10; Accumulated Depreciation is in IP Exhibit 1.9; Accumulated Deferred Income Taxes are in IP Exhibit 1.11; and Depreciation Expense is in IP Exhibit 1.22.
(2) Load Research information is in IP Exhibit 6.1; Accumulated Depreciation is in IP Exhibit 1.9; Accumulated Deferred Income Taxes are in IP Exhibit 1.11; and Depreciation Expense is in Exhibit 1.22.

ILLINOIS POWER COMPANY
SUMMARY OF RATE BASE AND OPERATING EXPENSES AND PRO FORMA ADJUSTMENTS
($000)

Line No.	Description	Proforma #10 Insurance Expense Adjustment IP Exhibit 1.18 (Carter)	Proforma #11 Conduct/Functional Separation Rulemaking IP Exhibit 1.19 (Carter)	Proforma #12 Affiliate Transaction Rulemaking IP Exhibit 1.20 (Carter)	Proforma #13 Y2K Expense IP Exhibit 1.21 (Carter)	Proforma #14 Company Use Adjustment IP Exhibit 1.24 (Carter)	Proforma #15 Pass-Thru Tax Elimination IP Exhibit 1.25 (Carter)	Proforma #16 Payroll Adjustment IP Exhibit 1.26 (Carter)	Proforma #17 FICA Tax Adjustment IP Exhibit 1.27 (Carter)	Proforma #18 Severance / Transition Adjustment IP Exhibit 1.28 (Carter)	Proforma #19 Dynegy Executive Bonuses Adjustment IP Exhibit 1.30 (Carter)	Proforma #20 Operations Compliance Expense IP Exhibit 2.1 (Baurd)	Proforma #21 Storm Damage Normalization Expense IP Exhibit 2.11 (Barud)
	(1)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)
	RATE BASE												
	Plant in Service												
1	Distribution Plant in Service	-	-	-	-	-	-	-	-	-	-	-	-
2	General Plant in Service	-	-	-	-	-	-	-	-	-	-	-	-
3	Intangible Plant in Service	-	-	-	-	-	-	-	-	-	-	-	-
4	Accumulated Deprec - Distribution	-	-	-	-	-	-	-	-	-	-	-	-
5	Accumulated Deprec - General	-	-	-	-	-	-	-	-	-	-	-	-
6	Accumulated Deprec - Intangible	-	-	-	-	-	-	-	-	-	-	-	-
7	**Net Plant in Service**	-	-	-	-	-	-	-	-	-	-	-	-
	Adjustments												
8	Land Held for Future Use	-	-	-	-	-	-	-	-	-	-	-	-
9	CWIP - Not Including AFUDC	-	-	-	-	-	-	-	-	-	-	-	-
10	Depr Res - Contrib Electric Distribution	-	-	-	-	-	-	-	-	-	-	-	-
11	Working Capital	-	-	-	-	-	-	-	-	-	-	-	-
12	Reserve for Deferred Income Taxes	-	-	-	-	-	-	-	-	-	-	-	-
13	Customer Deposit Balance	-	-	-	-	-	-	-	-	-	-	-	-
14	Customer Advances for Construction	-	-	-	-	-	-	-	-	-	-	-	-
15	Pre-1971 ITC	-	-	-	-	-	-	-	-	-	-	-	-
16	**Total Adjustments**	-	-	-	-	-	-	-	-	-	-	-	-
17	**Total Rate Base**	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Operating Expenses												
18	Operation & Maintenance	-	-	-	($52.0)	$1,127.0	-	$814.0	-	($1,092.0)	-	$77.0	$581.0
19	Customer Accounts Expense	-	-	-	2.0	-	-	198.0	-	(265.0)	-	-	-
20	Customer Service and Informational Expense	-	-	-	-	-	-	145.0	-	(165.0)	-	-	-
21	Sales Expense	-	-	-	-	-	-	-	-	-	-	-	-
22	Administrative and General Expenses	$2,619.0	$14.0	$51.0	250.0	-	-	418.0	-	(12,701.0)	($7,825.0)	-	-
23	Depreciation Expense - Distribution Plant	-	-	-	-	-	-	-	-	-	-	-	-
24	Depreciation Expense - General Plant	-	-	-	-	-	-	-	-	-	-	-	-
25	Amortization Expense - Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	-
26	Taxes Other Than Income	-	-	-	-	-	($12,067.0)	-	$52.0	(241.0)	-	-	-
27	Investment Tax Credit Adjustment - Net	-	-	-	-	-	-	-	-	-	-	-	-
28	**Total Operating Expenses**	$2,619.0	$14.0	$51.0	$200.0	$1,127.0	($12,067.0)	$1,575.0	$52.0	($14,464.0)	($7,825.0)	$77.0	$581.0
29	Revenue Requirement for Individual Columns	$2,619.0	$14.0	$51.0	$200.0	$1,127.0	($12,067.0)	$1,575.0	$52.0	($14,464.0)	($7,825.0)	$77.0	$581.0

ILLINOIS POWER COMPANY
SUMMARY OF RATE BASE AND OPERATING EXPENSES AND PRO FORMA ADJUSTMENTS
($000)

Line No.	Description	Proforma #22 Additonal Personnel Adjustment IP Exhibit 7.1 (Holtzscher)	Total Pro Forma Adjustments (Col. 3 thru Col. 24)	Adjusted December 31, 2000 (Col. 2 plus Col.25)
	(1)	(24)	(25)	(26)
	RATE BASE			
	Plant in Service			
1	Distribution Plant in Service	-	$80,891.0	$1,473,546.0
2	General Plant in Service	-	11,043.0	204,945.0
3	Intangible Plant in Service	-	7,259.0	70,738.0
4	Accumulated Deprec - Distribution	-	(254.0)	(573,816.0)
5	Accumulated Deprec - General	-	6,772.0	(40,987.0)
6	Accumulated Deprec - Intangible	-	(725.0)	(50,421.0)
7	**Net Plant in Service**	-	104,986.0	1,084,005.0
	Adjustments			
8	Land Held for Future Use	-	-	-
9	CWIP - Not Including AFUDC	-	-	6,014.0
10	Depr Res - Contrib Electric Distribution	-	-	2,870.0
11	Working Capital	-	10,568.0	17,441.0
			-	-
			-	-
12	Reserve for Deferred Income Taxes	-	(4,391.0)	(177,766.0)
13	Customer Deposit Balance	-	-	(2,044.0)
14	Customer Advances for Construction	-	-	(1,032.0)
15	Pre-1971 ITC	-	-	(564.0)
16	**Total Adjustments**	-	6,177.0	(155,081.0)
17	**Total Rate Base**	$0.0	$111,163.0	$928,924.0
	Operating Expenses			
18	Operation & Maintenance	-	$1,599.0	$52,842.0
19	Customer Accounts Expense	-	3.0	12,090.0
20	Customer Service and Informational Expense	$713.0	693.0	5,643.0
21	Sales Expense	-	-	-
22	Administrative and General Expenses	224.0	(16,563.0)	46,958.0
23	Depreciation Expense - Distribution Plant	-	1,942.0	33,832.0
24	Depreciation Expense - General Plant	-	322.0	5,305.0
25	Amortization Expense - Intangible Plant	-	1,452.0	7,111.0
26	Taxes Other Than Income	-	(12,233.0)	33,423.0
27	Investment Tax Credit Adjustment - Net	-	-	(573.0)
28	**Total Operating Expenses**	$937.0	($22,785.0)	$196,631.0
29	Revenue Requirement for Individual Columns	$937.0	($9,012.0)	$311,716.0

Illinois Power Company
Calculation of Delivery Services Revenue Requirement
(Thousands of Dollars)

Line No. (1)	Component (2)	Revenue Requirement Calculation (3)
1	Net Rate Base 1/	$928,924
2	Times Before-Tax Weighted Cost of Capital 2/	9.22%
3	Return Requirement	$85,647
4	Income Tax Savings on Interest Synchronization Deduction 3/	(16,213)
5	After-tax Rate Base Return Requirement	$69,434
6	Times Gross-up Conversion Factor 4/	1.65747
7	Requested Return Grossed Up for Income Taxes	$115,085
8	Operating Expenses before Income Taxes 5/	$196,631
9	Revenue Requirement	$311,716

1/ IP Exhibit 3.8, Page 3, Line 17
2/ IP Exhibit 3.2
3/ IP Exhibit 3.9, Page 2, Line 6
4/ Federal income tax rate is 32.487%
State income tax rate is 7.18%
Combined income tax rate is 39.667%
Gross-up conversion factor =
1 / (1 - Tax Rate) = (1 / 1 - .39667) = 1.65747
5/ IP Exhibit 3.8, Page 3, Line 28

ILLINOIS POWER COMPANY
Interest Synchronization
(000s)

Line No.	Description	Tax Rate	Amount
	(1)	(2)	(3)
1	Original Cost Net Rate Base 1/		$928,924
2	Weighted Cost of Debt 2/		4.40%
3	Synchronized Interest		$40,873
4	Federal Income Tax Savings	32.487%	13,278
5	State Income Tax Savings	7.18%	2,935
6	Total Income Tax Savings		$16,213

1/ IP Exhibit 3.8, Page 3, Line 17

2/ Long-Term Debt	2.62%
Transitional Funding Instruments	1.26%
Short-Term Debt	0.25%
Preferred Securities, Tax Advantaged	0.27%
	4.40%